

ORIGINAL

EXCEPTION



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LUBIN & ENOCH, P.C.
Nicholas J. Enoch, State Bar No. 016473
Jarrett J. Haskovec, State Bar No. 023926
Kaitlyn A. Redfield-Ortiz, State Bar No. 030318
349 North Fourth Avenue
Phoenix, Arizona 85003
Telephone: 602-234-0008
Facsimile: 602-626-3586
Email: nick@lubinandenoch.com

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Attorneys for Intervenors IBEW Locals 387, 1116, and 769

BEFORE THE ARIZONA CORPORATION COMMISSION

**IN THE MATTER OF THE
COMMISSION'S INVESTIGATION OF
VALUE AND COSTS OF DISTRIBUTED
GENERATION.**

Docket No.: E-00000J-14-0023

**INTERVENORS IBEW LOCAL UNIONS
387, 1116, AND 769 EXCEPTIONS TO
THE RECOMMENDED OPINION AND
ORDER**

Pursuant to A.A.C R14-3-110(B) and the Procedural Order of Assistant Chief
Administrative Law Judge, Teena Jibilian, dated October 27, 2016, Intervenors Local Unions
387, 1116, and 769, International Brotherhood of Electrical Workers, AFL-CIO, CLC ("IBEW
Locals" or the "Unions"), by and through undersigned counsel, hereby submit their exceptions to
the Recommended Opinion and Order ("ROO") in this docket.

The Unions' exceptions to the ROO, which the Unions find to be overall well-reasoned
and balanced in light of the evidence offered in this case and the public interest, echo the
concerns IBEW Locals (and many other parties) have expressed throughout this proceeding –
i.e., equity is of the utmost importance in this matter. To better achieve this goal, the Unions
request the following changes to the ROO: (i) a modification to the methodologies set forth in

1 ¶144 of the Determinations to put limitations on the Resource Comparison Proxy methodology
2 and to reduce the amount of forecasting time found in ¶139 and ¶141 for both methodologies and
3 (ii) further clarification of the grandfathering language found in ¶154 and in the Order to specify
4 the parameters of what constitutes being “fully grandfathered” and a “DG customer” and to
5 establish a time limit on the lifetime of such grandfathered status.

6 As an initial matter, IBEW Locals believe that the most equitable methodology of the two
7 outlined in the ROO is the Short-term Avoided Cost methodology because it is the most accurate
8 reflection of the costs and cost-savings resulting from the various types of distributed generation.
9 This methodology provides a transparent and verifiable manner to fairly capture objective market
10 costs. With respect to the Resource Comparison Proxy methodology, the Unions agree with
11 TEP/UNSE in that it would overcompensate DG exports as written in the Determinations. This
12 is because using a weighted average of both grid-tied PPAs and utility-owned solar facilities is
13 not an accurate reflection of the current cost of PV when outdated pricing is included in the
14 calculation. The fluctuation in pricing over five years is dramatic, and outdated pricing will
15 undoubtedly be included in the averaging. That being said, the Unions believe that simplicity
16 and flexibility are necessary when developing a reliable proxy for avoided costs and understand
17 the rationale for two distinct methodologies. Therefore, the Unions request that the time period
18 set forth in ¶141 and the Resource Comparison Proxy methodology adopted in ¶144 be modified
19 to a time period of less than five years so that older, costlier PV systems are excluded from the
20 calculation.

21 Additionally, the Unions request that the forecasting period for valuation of DG exports
22 be shortened to less than five years. One repeated theme that shone through this entire
23 proceeding, and likely one that none of the parties dispute, is that the solar industry is rapidly
24

1 evolving. Five years from now rooftop solar could be dramatically different. The same holds
2 true for utility scale solar. The Unions believe that a shorter forecasting period would ensure that
3 solar DG customers are not being overcompensated or undercompensated. As the evidence at
4 the hearing unequivocally demonstrated, forecasts are always wrong. It is in the best interest of
5 the public to minimize the period of time within which customers could be treated inequitably
6 based on an incorrect forecast. Therefore, the Unions request that the five-year forecast
7 established in ¶139 and ¶144 be shortened to a period of less than five years.

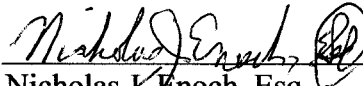
8 Finally, the Unions are concerned that the grandfathering language in ¶154 and the Order
9 is unclear. For example, what constitutes a “DG customer”? Is it a person? Is it a solar DG
10 system? This distinction matters. If a person upgrades his system, is that person still considered
11 grandfathered? If a DG system fails, does the grandfathered status cease? If a person sells his
12 home with a solar DG system, does the grandfathered status run with the land? If so, this could
13 have a major impact on real estate prices. It is equally unclear what being “fully grandfathered”
14 means. These are just several of an infinite number of inquiries the vague grandfathering
15 language creates. Thus, the Unions request that the grandfathering language in ¶154 and the
16 Order be clarified to address these types of issues. In addition, IBEW Locals request that a time
17 limit be put on grandfathered status, such as the lifetime of the solar DG system. Such a benefit
18 should not be boundless as it will create severe inequities among customers.

19 I. CONCLUSION

20 For the foregoing reasons, the IBEW Locals respectfully request the ROO be modified as
21 set forth above.

1 RESPECTFULLY SUBMITTED this 14th day of November, 2016.

2 LUBIN & ENOCH, P.C.

3 
4 Nicholas J. Enoch, Esq.
5 Attorneys for Intervenors

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7 Original and thirteen copies of the IBEW Locals' Exceptions filed this 14th day of November, 2016, with:

8 Arizona Corporation Commission
9 Docket Control Center
10 1200 West Washington Street
Phoenix, Arizona 85007-2996

11 Copies of the foregoing transmitted electronically or mailed this same date to those identified on
12 the attached service list for this docket.

13 /s/ Cristina Gallardo-Sanidad
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15
16
17
18
19
20
21
22
23
24

LaDel Laub

DIXIE- ESCALANTE RURAL ELECTRIC ASSOCIATION,
INC.
71 East Highway 56
Beryl Utah 84714

Dan McClendon

GARKANE ENERGY COOPERATIVE, INC.
PO Box 465
Loa Utah 84747

Timothy M. Hogan

ARIZONA CENTER FOR LAW IN THE PUBLIC INTERST
514 W. Roosevelt St.
Phoenix Arizona 85003

thogan@aclpi.org
rick@votesolar.org
briana@votesolar.org
ken.wilson@westernresources.org
cosuala@earthjustice.org
Mhiatt@earthjustice.org

Consented to Service by Email

Nicholas J. Enoch

LUBIN & ENOCH, PC
349 N. Fourth Ave.
Phoenix Arizona 85003

Michael Patten

SNELL & WILMER, LLP
One Arizona Center
400 East Van Buren Street
Phoenix Arizona 85004

mpatten@swlaw.com
bcarroll@tep.com
docket@swlaw.com

Consented to Service by Email

Richard Adkerson

AJO IMPROVEMENT COMPANY
333 N. Central Ave
Phoenix Arizona 85004-2189

Janice Alward

ARIZONA CORPORATION COMMISSION
1200 W. Washington
Phoenix Arizona 85007

tford@azcc.gov
rlloyd@azcc.gov
tbroderick@azcc.gov
mlaudone@azcc.gov
mscott@azcc.gov

Consented to Service by Email

Daniel Pozefsky

RUCO
1110 West Washington, Suite 220
Phoenix Arizona 85007

dpozefsky@azruco.gov

Consented to Service by Email

William P. Sullivan

LAW OFFICES OF WILLIAM P. SULLIVAN, P.L.L.C.
501 East Thomas Road
Phoenix Arizona 85012

Meghan H. Gabel

OSBORN MALADON, PA
2929 N. Central Avenue Suite 2100
Phoenix Arizona 85012

mgrabel@omlaw.com
gyaquinto@arizonaic.org

Consented to Service by Email

Garry D Hays

LAW OFFICES OF GARRY D. HAYS, PC
2198 East Camelback Road, Suite 305
Phoenix Arizona 85016

Jeffrey Crockett

CROCKETT LAW GROUP, PLLC
2198 E. Camelback Rd., Suite 305
Phoenix Arizona 85016

jeff@jeffcrockettlaw.com
kchapman@ssvec.com
jblair@ssvec.com

Consented to Service by Email

C. Webb Crockett

FENNEMORE CRAIG, PC
2394 E. Camelback Rd, Ste 600
Phoenix Arizona 85016

wcrocket@fclaw.com
pblack@fclaw.com

Consented to Service by Email

Jennifer A. Cranston

GALLAGHER & KENNEDY, P.A
2575 E. Camelback Rd.
Suite 1100
Phoenix Arizona 85016-9225

jennifer.cranston@gknet.com

Consented to Service by Email

Tom Harris

ARIZONA SOLAR ENERGY INDUSTRIES ASSOCIATION
2122 W. Lone Cactus Dr. Suite 2
Phoenix Arizona 85027

tom.harris@ariSEIA.org

Consented to Service by Email

Craig A. Marks

CRAIG A. MARKS, PLC
10645 N. Tatum Blvd.
Suite 200-676
Phoenix Arizona 85028

Craig.Marks@azbar.org

Consented to Service by Email

Dillon Holmes

CLEAN POWER ARIZONA
9635 N 7th St. #47520
Phoenix Arizona 85068

dillon@cleanpoweraz.org

Consented to Service by Email

Thomas A Loquvam

PINNACLE WEST CAPITAL CORPORATION
P.O. Box 53999, MS 8695
Phoenix Arizona 85072

thomas.loquvam@pinnaclewest.com

Consented to Service by Email

Court S. Rich

ROSE LAW GROUP, PC
7144 E. Stetson Drive, Suite 300
Scottsdale Arizona 85251

CRich@RoseLawGroup.com

Consented to Service by Email

Steven Lunt

DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.
P.O. Box 440
379597 AZ HWY 75
Duncan Arizona 85534

Roy Archer

MORENCI WATER AND ELECTRIC COMPANY
AJO IMPROVEMENT COMPANY
P.O. Box 68
Morenci Arizona 85540

Lewis M. Levenson

1308 E. Cedar Lane
Payson Arizona 85541

Than W Ashby

GRAHAM COUNTY ELECTRIC COOPERATIVE, INC.
9 West Center Street PO Drawer B
Pima Arizona 85543

Patricia C. Ferre

P.O. Box 433
Payson Arizona 85547

Gary Pierson

ARIZONA ELECTRIC POWER COOPERATIVE, INC
P.O Box 670
1000 S. Highway 80
Benson Arizona 85602

Vincent Nitido

TRICO ELECTRIC COOPERATIVE, INC
8600 West Tangerine Road
Marana Arizona 85658

David G Hutchens

UNS Electric, Inc
88 E Broadway Blvd, MS HQE901
P.O Box 711
Tucson Arizona 85701-0711

Bradley S. Carroll

Tucson Electric Power Company
Legal Department - MS HQE 910
P.O. Box 711
Tucson Arizona 85702

Charles R. Moore

NAVOPACHE ELECTRIC COOPERATIVE, INC.
1878 W. White Mountain Blvd.
Lakeside Arizona 85929

Nancy Baer

245 San Patricio Drive
Sedona Arizona 86336

Susan H. & Richard Pitcairn

1865 Gun Fury Road
Sedona Arizona 86336

Tyler Carlson

Peggy Gilman
MOHAVE ELECTRIC COOPERATIVE, INC.
PO Box 1045
Bullhead City Arizona 86430

Charles Kretek

COLUMBUS ELECTRIC COOPERATIVE, INC.
P.O. Box 631
Deming New Mexico 88031